



GOBIERNO DE CHILE  
MINISTERIO SECRETARÍA GENERAL DE GOBIERNO  
SECRETARÍA DE COMUNICACIÓN Y CULTURA

# CHILE

## REPORTS

International Press Department • Communication and Culture Secretariat • November 18, 2004 • No. 14

## APEC 2004 in Chile



*The highest representatives of the 21 APEC economies will meet in Santiago on November 20 and 21 for the Twelfth APEC Economic Leaders' Meeting. Free trade agreements, secure trade, increased trade facilitation and proposals for enhancing the international financial system are the most prominent topics on the working agenda.*

The Pacific Ocean will become “the great axis for the generation of growth and trade in this twenty-first century.” And therefore “we believe that the APEC economies have much to say with respect to the expansion of world trade and the advancement of development.”

Ricardo Lagos  
President of Chile  
October 21, 2003

APEC's current members are: Australia, Brunei Darussalam, Canada, Chile, China, Chinese Hong Kong, Chinese Taipei, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, the Philippines, Singapore, South Korea, Russia, Thailand, the United States and Vietnam.

Chile's organization of the 2004 APEC Summit coincides with the ten-year anniversary of the country's entry into the Forum in 1994. Chileans at all levels of society have worked diligently throughout the year to refine to the last detail the numerous meetings which have taken place, culminating this weekend with the informal gathering of the APEC Leaders.

From the moment that it assumed *pro tempore* presidency of APEC – on October 21, 2003 in Bangkok, Thailand, at the close of that year's Summit – the country focused on the goal of endowing its tenure with a “vision of the future,” as President Lagos stated at the time. Thus the motto “**One Community, Our Future**,” indicating that the driving force of the economic and commercial future can be found in the economies of the Pacific Rim.

A month later, on November 21, 2003, the President officially initiated Chile's “APEC 2004 Year” in Valparaíso, with the Pacific Ocean as a witness. At that moment, the country enthusiastically embarked on this “great national challenge,” in which, he noted, “we are placing our international prestige and our country's prospects for the future on the line.”

The first preparatory meeting was held on December 3, with the Ministers of Finance assembling in Puerto Varas, in Chile's Lake Region. Since that time, cities throughout Chile have hosted Senior Officials' Meetings (SOMs) as well as gatherings of government ministers, businesspeople, academics, women, young people and associated organizations. The entire country took on the commitment for this effort, with the same sense of responsibility with which it has organized other great events, from the 1962 world soccer championships to the 1998 Summit of the Americas.

**“We have much to offer each other. We have substantial shared political and economic interests, and a powerful complementarity in our economic skills, resources, and business, cultural and political links. Co-operation offers the region the opportunity to influence the course of multilateral trade liberalisation, avoid alternative approaches which would undermine this objective and enable us to enter into the next century with confidence that our potential will be fulfilled.”**

**Robert Hawke, former Prime Minister of Australia and APEC co-founder, January 31, 1989. Seoul**

---

Taken together, APEC’s 21 member economies represent more than 2.5 billion people, a total GDP of 19 trillion dollars, and 47% of world trade.

---

## FACTS

Since 1993, APEC has had a Permanent Secretariat, headquartered in Singapore.

Its principal tasks are to serve as a center for the exchange of information and to provide the necessary documentation for APEC’s various forums.

It is headed by an executive director and a deputy executive director, respectively selected from the member economies hosting the year’s Summit and that of the following year. Ambassador Mario Artaza is the current executive director.

The first informal encounter of SOMs – held on December 11 and 12 in the Valparaíso Region – was marked by the “seal” Chile has placed on its *pro tempore* presidency: the establishment of priorities within APEC’s agenda. It was suggested that if all of the organization’s projects and initiatives enjoy the same level of importance, none of them is truly important. For the first time in APEC’s history, recognition was made by its members that the issues they address have varying degrees of urgency.



### What is APEC?

The Asia-Pacific Economic Cooperation Forum, APEC, was founded in 1989 in Australia, with the participation of 12 countries. Arising in response to the growing interdependence of the Asia-Pacific economies, it was aimed at counteracting the rise of other regional accords which could eventually present barriers to the trade of members’ goods. Today, the group includes 21 economies of the Pacific Rim.

It began as an informal and fruitful group dialogue. Today, its vision is clear: supporting regional economic growth; enhancing the gains derived from the flow of goods; developing and strengthening the multilateral trade system in the interest of all Asia-Pacific economies; and reducing trade barriers among its participants.

In 1994, in Bogor, Indonesia, objectives were laid out for the achievement of the “APEC vision”: free and open trade and investment flows by 2010 for the industrialized countries and by 2020 for developing economies. On that occasion, Australia, Canada, Japan, New Zealand and the United States pledged to reach this goal by 2010. In addition, Chile, Singapore, Hong Kong and Chinese Taipei expressed their intention to do so by the same date.

APEC is fundamentally an inter-governmental consultative forum; it cannot be classified as an international organization, since it lacks a constitutive charter or international treaty underlying its creation. Thus, it represents a *sui generis* model of international cooperation, distinct from the traditional patterns prevailing among international organizations. Flexibility and informality are two of its fundamental characteristics. Its decisions, adopted by consensus, generate a high level of commitment to action or to generally-respected norms.

The body’s most significant event is the annual meeting of its 21 Leaders, held in the year’s host country. However, some 30 meetings of various APEC bodies are also held during the year.

### Chile and APEC

With its extensive Pacific coastline – only the United States and Canada taken together are comparable – Chile clearly understands that its destiny lies with this ocean. It is also aware that it can serve as a platform for its APEC partners and as a bridge between Asia and the other countries of Latin America.

## FACTS

ABAC, the APEC Business Advisory Council, is made up of three prominent business representatives from each member economy. Chile's participants are Andrónico Luksic, Hernán Somerville and Juan Villarzú.

The Pacific Basin Economic Council, or PBEC, a private consortium, is represented in Chile by Gabriela Mistral University. It prepares reports, papers and studies on topics of broad regional interest.

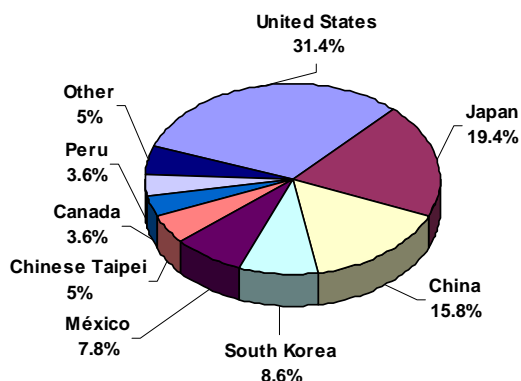
The Pacific Economic Cooperation Council, or PECC, is a regional cooperation entity made up of representatives from the academic, business and government spheres. It serves as a discussion forum on the topics of regional economic development and growth, acts as an observer at several regular APEC meetings, and on occasion fulfills the role of a consultative body.

The SOMs are representatives from each economy with the rank of ambassador, who are responsible for coordinating their countries' participation in all of APEC's activities. Chile's Senior Official is the Director of Bilateral Economic Affairs, Mario Matus, while Ricardo Lagos Weber, Director of Multilateral Economic Affairs, is the president or chair of the SOMs.



Ricardo Lagos W.

### Chilean Exports to APEC's Economies 2003



Since its incorporation into the Forum in 1994, Chile has obtained great benefits, not only in economic or business terms, or in the strengthening of bilateral and regional relationships, but also in knowledge and experience.

The public and private sector now know that they must work together to lend dynamism to the economy, to understand its new realities and to manage opportunities. Chile has learned to navigate within a world characterized by constant change, which demands improved networks and more education and training. The country's third lesson has been that these tasks are accomplished by ordinary men and women.

"When Chile's copper, iron, salmon, table grapes, wood pulp and wine are shipped to the countries of Asia, behind them are the hands of Chilean workers, who are anxious to do their jobs well, to fulfill their part in our productive development. I know the faces of these workers; I have seen them in diverse places all over Chile. I value them for what they do, and I know about their eagerness to do it better," President Lagos has said.

But there are also commercial motivations. Chile is noted for the openness of its economy and for the high proportion of its GDP affected by international trade: some 65%. Today, 56.4% of Chilean exports are destined for APEC member economies, and forecasts for 2004 predict that shipments of Chilean products will total more than 17 billion dollars, representing an expansion of 44% compared with 2003 figures.

Since 1992, the network of intraregional cooperation mechanisms has multiplied, thanks to the various Pacific Studies Centers, which seek to define the diverse forms this cooperation might take and the potential rules that may apply to it.

In Chile, the Chile Pacific Foundation forms part of the APEC Study Center Consortium, which provides academic support for APEC's goals. It is also a member of the APEC International Assessment Network (APIAN), which carries out periodic evaluations of APEC.

Five of the APEC economies have signed FTAs with Chile: Mexico, Canada, South Korea and the United States, as well as an Economic Complementarity Agreement (ACE 38) with Peru. Negotiations are being held or the possibility of a trade agreement is being explored with an additional three (New Zealand, Singapore and China).



Port of Valparaíso

APEC is unquestionably vital for Chile, since it functions as a catalyst for economic and trade liberalization processes on the bilateral and multilateral levels, as well as an instrument for the effective implementation of the country's foreign policy objectives within the dynamic Pacific region.

### The 2004 Thematic Agenda

Without a doubt, Chile's most significant contribution to this most recent leaders' meeting was the establishment of priorities among the topics to be addressed, which are specifically reflected in the Working Agenda. "From a thematic point of view, it has been a true success, since Chile gained the support of all of the members for the proposed agenda. For the first time, we have a list of priorities for the year's initiatives," noted Ricardo Lagos W., chair of the APEC SOMs.

This thematic agenda is summarized in the following points:

- Support for the World Trade Organization (WTO), and in particular, for the Doha Development Agenda (DDA).
- Secure trade, which includes the STAR (Secure Trade in the APEC Region) initiative.
- The inclusion of Free Trade Agreements and regional treaties within the APEC agenda. In this area, Chile has proposed an initiative for the preparation of a set of principles or guidelines which should be taken into consideration by the APEC economies as they negotiate trade agreements, and from which it hopes to obtain a set of "best practices."
- The use of English as a working tool and an instrument for confronting future challenges.
- Support for microenterprises and small and medium-sized businesses, which offer opportunities for entrepreneurial growth.



APEC's Ministers of Finance .  
Santiago, September, 2004

- Structural reform of the financial system. Fiscal policies are especially significant for confronting recessionary cycles, and there is also a need to develop both domestic and international mechanisms to help reduce the negative effects of the volatility of capital flows.

### The first results

Throughout 2004, Chile has hosted ministerial-level APEC meetings on Education, Trade, Mining, Finance and Tourism; the Senior Officials' Meetings (SOMs); and meetings focusing on ocean management, corruption, customs procedures, trade security, women leaders and APEC study centers.



APEC's Ministers of Trade  
Pucón, July, 2004

These gatherings, held in twelve Chilean cities, have already produced diverse results. The most significant have included: identifying unified criteria for creating a set of best practices for FTAs within APEC; enabling the body to send a strong signal of political will to the World Trade Organization, especially in relation to the Doha Round; achieving consensus on the foundations for the launch of the Anti-Corruption Initiative in the APEC Region; and proposing the Action Framework for Sustainable Development.

### SME Meeting

The APEC Small and Medium Enterprise (SME) Ministers have made a commitment to enhance regional support for improving the business environment for microenterprises.

At the 11th APEC Small and Medium Enterprise Ministerial Meeting in Santiago, on October 6-7, the ministers also endorsed the Santiago Agenda on Entrepreneurship, which is aimed at preventing market failures and removing barriers to SME growth.

It is expected that the Leaders' Summit will place its stamp of approval on all of these initiatives.

Other significant areas of progress during Chile's presidency have been the implementation of transparency standards, which have already led to advances in the sensitive area of government purchasing; the search for agreement on the guidelines for APEC's structural reform plan; preparations for the Mid-Term Review of the Bogor Goals; the first meeting of APEC anti-corruption experts; and broadened dialogue on trade facilitation.

One of the most fruitful meetings was that of the Ministers of Education, where a set of precepts was established to confront the challenges of the new century: teaching English and other foreign languages; enhancing mathematics and science education; expanding the use of information technology in the teaching and learning process; improving governance and undertaking systemic reforms in education.

The meeting of the Ministers of Mining in Antofagasta, the first within the APEC framework, also achieved excellent results. After expressing their appreciation for Chile's energy and leadership in this area, the ministers unanimously confirmed their countries' political will to maintain a permanent discussion forum on mining issues, through the holding of periodic meetings on the subject.



APEC's Ministers of Mining.  
Antofagasta, May, 2004

In late September, the Ninth Meeting of the APEC Women Leaders' Network was held in La Serena, in the Coquimbo region. The group discussed topics such as trade development; entrepreneurship as a key factor in social, economic and cultural progress; and the experiences of female entrepreneurs around the world. They also analyzed the potential benefits of improved labor and trade practices as well as the development of skills to confront new challenges.



The Third Ministerial Meeting on Tourism took place on board the cruise ship *Mare Australis*, on a tour among fjords and glaciers in one of Chile's southernmost regions. One of the main areas of agreement emerging from the meeting was the need to provide effective security for tourists, since after the terrorist attacks in the United States and Spain, the global security situation has affected the development of the tourist industry.

### Summit in Chile

Everything is ready in the area of organization and security to receive the leaders of the 21 APEC economies.

The preparations, initiated more than twelve years ago, involved all segments of civil society. Through a wide range of activities – including seminars, talks, courses and reports – the Chilean people prepared themselves to fulfill their part in this great event. More than 2000 Chileans



have participated directly in the process, while an audience of 15 million educated themselves about its various aspects.

No detail has been neglected. Due to the prominence of the world leaders who will attend the event, security has been one of the most essential points. During the Summit, more than 3,500 police officers, 155 radio patrols and 185 all-terrain motorcycles, along with buses, ambulances, cranes, and helicopters, will help protect the city.

In addition, the country has been working more than a year on a mechanism permitting rapid coordination in the case of a terrorist attack, escalating protests or other incidents that might threaten the Forum's activities. Controls have also been tightened on the country's borders.

The city of Santiago is ready for the gathering as well. The Espacio Riesco Conference Center, located in the northern part of the city, is the nerve center of the event, which will also extend to the Mapocho Station, the Casa Piedra and the Diego Portales Building, in addition to La Moneda Palace. Rerouted traffic and a special public holiday on Friday, November 19 in the Metropolitan Region are among the measures that will help facilitate the Summit's activities.

### Looking back

The final stage of Chile's APEC presidency, taking place in the capital,

## FACTS

By early November, approximately 5,000 delegates from the 21 APEC economies had participated in the Forum's various meetings. A further 2,500 are registered for the Summit event. In addition, nearly two thousand journalists have been accredited.

Thousands of people in a wide range of ministries, organizations and institutions have contributed their efforts to APEC Chile Year 2004, from government ministers to chauffeurs, production assistants, secretaries, technicians and volunteers. To this must be added those working in hotels and meeting venues, along with folk culture ensembles and artists.

The modern Espacio Riesco Convention Center offers 85,000 m<sup>2</sup> of infrastructure and can hold up to 15,000 people.

The emergency health care provisions for the Summit include the installation of ten mini-clinics in the capital's leading hotels as well as two at the Espacio Riesco Convention Center. Well-equipped ambulances will also be standing by at all of the Forum meeting sites. The system will operate 24 hours a day.

Approximately 6.5 million dollars have been spent on APEC 2004, but returns for the country are expected to reach nearly \$18 to \$20 million.



Espacio Riesco

Santiago, began last Sunday, November 14, with the Final SOM and the Joint Ministerial Meeting for ministers of trade and foreign relations (November 17 and 18).

After two exhausting days of work, the Senior Officials were able to achieve consensus not only on trade issues, but also in other areas, such as intellectual property, AIDS and capacity building. These agreements were delivered to the respective ministers.

It is expected that during the Summit event, the leaders will meet three times behind closed doors, without advisors or ministers.

### The other events

On Wednesday, November 18, President Ricardo Lagos participated in the opening of the ABAC-Chile 2004 sessions. Under the motto: "Bridging the Pacific: Coping with the Challenges of Globalization," the delegates focused on achieving the adoption of concrete measures to restore economic confidence within the APEC region.

As part of ABAC, The 2004 CEO Summit will also take place in Santiago, from November 19 to 21. The registered participants include more than 400 prominent businesspeople from the 21 economies, 100 of them Chileans.

The Presidents of Chile, China, Indonesia and the United States are also confirmed

## DID YOU KNOW?

★ At the Espacio Riesco Convention Center as well as some of the capital city's hotels, prayer rooms have been set up with arrows indicating the direction of Mecca.

★ Among the gifts which will be presented to the leaders and their spouses are salmon-skin attaché cases, paints by Chilean artists and local delicacies chosen especially for the visitors.

★ Eight weavers from the small village of Doñihue, in central Chile, have been working ten hours a day to prepare 20 chamantos for the visiting



APEC Leaders. The chamanto is the traditional garment worn by the huaso, the man of the Chilean countryside, on special occasions.

### The "Room Next Door"

Numerous gatherings, seminars and workshops were also held with leaders of NGOs and union, student and trade groups. At all of them, APEC's significance for Chile was presented as a mechanism that permits the country to participate in globalization, but on the condition that its trade liberalization must be sustainable. Thus, great emphasis is placed on cooperation.

This is a well-known Chilean policy, initiated during negotiations for the country's trade agreements. It has become known as the "room next door," where private-sector representatives, owners of small and medium-sized businesses, workers, academics and artists are informed about the progress of a process affecting the country and are consulted on specific points.

## FACTS

The attendees of the 2004 CEO Summit alone are expected to spend close to a million dollars in Chile, during their average stay of three days in the country.

The CEOs will engage in a wide range of activities, including a golf tournament, excursions to the Andes mountains, winery tours and cooking classes.

participants in this gathering of business leaders, along with the Prime Ministers of Singapore, Malaysia, New Zealand and Australia.

The Chilean organizers – Bank of Chile vice president Andrónico Luksic; Codelco president Juan Villarzú; president of the Association of Banks, Hernán Somerville; and president of the Confederation of Production and Trade, Juan Claro – are responsible for presenting economic proposals and recommendations to the group of business representatives. The principal issue under debate will be the possibility of negotiating a Free Trade Agreement among the bloc's 21 economies.



Juan Villarzú, Juan Claro, Hernán Somerville, Andrónico Luksic

Among the most prominent invitees to the gathering, which will be held in the Casa Piedra, are the presidents of Telmex, Carlos Slim; of Cemex, Lorenzo Zambrano; of Outokumpu, Jyrki Juusela; of HSBC Hong Kong, David Eldon; of Hyundai Motor, Moog-Koo Cheng; and of Vneshtorgbank, Andrei Kostin; and the vice presidents of Microsoft, Craig Mundie; of Fedex, Mikel Ducker; and of Starbucks, Sandra Taylor.

### Social forum

This weekend, labor representatives of the 21 APEC economies will also meet in Chile. A delegation of the International Confederation of Free Trade Unions - Asia Pacific Regional Organization (ICFTU-APRO) met with President Lagos to present their members' concerns.

“The topic of how to achieve a more fair globalization process and maintain social cohesion in our countries must remain an ongoing concern within APEC. As we liberalize trade, increase investments and expand employment, we also want to create jobs offering better conditions and more security,” maintained the Chilean Head of State while pledging to carry the workers' proposals to the leaders' meeting.

### The official visits

Before, during and after the Summit, six national leaders – those of Vietnam, China, South Korea, Russian Federation, the United States, and Japan – will pay official visits to Chile. All will be received by President Lagos in private sessions at La Moneda Palace and will participate in joint press conferences.

The first visitor will be the President of the Socialist Republic of Vietnam, Tran Duc Luang, who will be received at Chile's seat of government at midday on November 18. In the evening, it will be the turn of the President of the People's Republic of China, Hu Jintao. On Friday, November 19, President Lagos will meet with the President of South Korea, Roh Moo-Hyun. That same evening, the representatives of the Russian Federation will be received, headed by President Vladimir Putin.

On Sunday, November 21, after President Lagos' press conference, the visit of the President of the United States, George W. Bush, will be initiated. And finally, on Monday, November 22, the Prime Minister of Japan, Junichiro Koizumi, will arrive at La Moneda. ♦



La Moneda Palace

EDITOR-IN-CHIEF: Javier Luis Egaña, Director, Communications and Culture Secretariat / TEXT: Aileen Cárcamo, International Press Department/  
PHOTOGRAPHS: President's Office, APEC Chile  
COMMUNICATIONS AND CULTURE SECRETARIAT / MINISTRY GENERAL GOVERNMENT SECRETARIAT  
[depreint@segegob.cl](mailto:depreint@segegob.cl) / [www.segegob.cl](http://www.segegob.cl) / [www.gobiernodechile.cl](http://www.gobiernodechile.cl)